

70 Pine Street
New York 5, N.Y.

February 20, 1950.

Re: American Philips Companies

Honorable J. Tenney Mason, Chairman,
Industrial Employment Review Board,
Munitions Board
Washington 25, D.C.

Registered Air Mail

Dear Mr. Mason:

On behalf of the American Philips Companies, I acknowledge with thanks your letter of February 17 stating the "Basis for withholding Navy classified matter from the American Philips Companies", and suggesting March 22 as the date for hearing.

1. With regard to the date, I am communicating at once with the principals and will let you know, not later than Tuesday, February 28. The only reason for not confirming the date now is the necessity for ascertaining that necessary witnesses will be available at that time, especially in view of the singularly broad statement of charge.

2. On behalf of the American Philips Companies I now request specifications in respect to the key sentence, namely: "The action of the Department of the Navy in withholding clearance from the American Philips Companies to carry out classified work is based on the relations of these Companies to the N.V. Philips Gloeilampenfabrieken of Eindhoven, Holland, or, directly or indirectly, to that concern's affiliates, suppliers, or customers." We understand that we have the right to have this sentence made sufficiently specific so that evidence can be presented. As it stands, the statement does not constitute a "charge", but rather a statement of bias, since it is not even stated that Philips Gloeilampenfabrieken or any of its "affiliates or customers" are "insecure". Nor is it clear how the security of a supplier or customer relates to the American Philips Companies.

The American Philips Companies are naturally in a position to deal fully with their relations with N.V. Philips Gloeilampenfabrieken of Eindhoven, Holland.

On the other hand, allegation of unspecified direct or indirect relations unknown to us with "affiliates, suppliers or customers" of a large foreign corporation doing business all over the world is clearly not a statement sufficient to enable American Philips Companies to present

-2-

evidence. We consequently respectfully request specifications of the charge in this respect sufficient to permit preparation and presentation of a case on the points contemplated to be raised by the Navy.

3. We may add that we are informed that the Netherlands Government has presented a note to the Government of the United States, taking strong exception to measures taken by the Navy against N.V. Philips Gloeilampenfabrieken of Eindhoven, and requesting a statement of the Navy's objections to that concern. Navy action prejudicial to the Netherlands concern is, of course, and properly has become a matter of international action rather than of the American Philips Companies. But we believe the Board should take note of the fact that charges are here made against American companies based on alleged relations of a foreign company and its "affiliates, suppliers or customers" which have already occasioned objection by the Netherlands Government. Objection has also been indicated by the authorities of the Economic Cooperation Administration. Under the circumstances, it may be necessary for us to request statements to the Board of the position both of the Department of State and of the Economic Cooperation Administration.

Very truly yours,

A. A. Berle, Jr.